



State of Washington
PUBLIC DISCLOSURE COMMISSION

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9:00 a.m.
June 22, 2004

MINUTES – REGULAR MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

COMMISSION MEMBERS PRESENT

Earl Tilly, Chair
Michael Connelly, Vice Chair
Francis Martin, Secretary
Jeannette Wood, Member
Jane Noland, Member

STAFF PRESENT

Vicki Rippie, Executive Director
Susan Harris, Assistant Director
Michael Smith, Chief Technology Officer
Nancy Krier, Senior Counsel
Linda Dalton, Sr. Asst. Attorney General
Karen Copeland, Dir. Records & Admin

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Earl Tilly at 9:00 a.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Commissioner Comments

No Commissioner comments were expressed.

Citizen Comments/Concerns

No citizen comments or concerns were expressed.

Minutes

Motion 04-099

Moved by Commissioner Connelly, seconded by Commissioner Martin:

**The Commission adopts the minutes
of May 26, 2004, as written.**

The motion passed unanimously.

Advisory Matters

Independent Expenditures

Susan Harris reported on a request for guidance submitted by Timothy Harris, general counsel for the Building Industry Association of Washington (BIAW), asking if a candidate may solicit contributions to a PAC that intends to make independent expenditures supporting that candidate.

Mr. Harris was present and provided further clarification of his request.

After discussion, the Commission requested that the questions be refined and brought back for reconsideration at a future meeting.

Issue Ads

Vicki Rippie began initial discussion of the decisions in *WA St Republican Party v. PDC* in light of *McConnell et al. v. Federal Elections Commission*. She provided an overview of contribution limits and the statutory background of RCW 42.17.640.

Senior Assistant Attorney General Nancy Krier then summarized the decision issued by the State Supreme Court in *WA St Republican Party v. PDC* case, and by the U.S. Supreme Court in the *McConnell et al. v. Federal Elections Commission* case, and discussed the differences in the two opinions.

Attorney John White, representing the WA St Republican Party, was present and recommended against regulating issue advocacy by political parties. He encouraged the Commission to continue with current practice at least through the 2004 election cycle.

Paul Berendt, Chair of the WA St Democratic Central Committee, was also present and concurred with Mr. White, adding that taking action in the middle of a campaign year would be disruptive to the process.

Ms. Krier suggested that the parties submit written comments for further discussion by the Commission at a future meeting.

Executive Session

The Commission went into executive session at 11:00 a.m. to discuss pending and potential litigation with legal counsel.

Public Session

The Commission returned to public session at 11:15 a.m.

Enforcement Matters
Hearings:

Phil Stutzman noted that the three enforcement cases are in the fourth occasion category on the Commission's Statement of Financial Affairs Penalty Schedule and, as such, are being brought before the full Commission for consideration.

Patrick Alesse, Case #04-659

Phil Stutzman summarized the case against Patrick Alesse for an alleged violation of RCW 42.17.240 by failing to timely file the Statement of Financial Affairs by April 15, 2004. He noted that Mr. Alesse has had two prior stipulations and one prior brief enforcement hearing. The F1 has not been filed.

Motion 04-100

Moved by Commissioner Connelly, seconded by Commissioner Martin:

In PDC Case #04-659, Patrick Alesse, the Commission finds a violation of RCW 42.17.240 and assesses a penalty of \$500 with \$250 suspended based on the condition that the 2004 Statement of Financial Affairs and penalty payment are received within 30 days from the date of the order.

The motion passed unanimously.

Kathryn Ciais, Case #04-657

Phil Stutzman summarized the case against Kathryn Ciais for an alleged violation of RCW 42.17.240 by failing to timely file the Statement of Financial Affairs by April 15, 2004. He noted that Ms. Ciais has had three prior stipulations and the F1 was received this morning.

Ms. Ciais was present via telephone and stated that she has the best of intentions, however, several personal issues resulted in the late filing.

Motion 04-101

Moved by Commissioner Martin, seconded by Commissioner Connelly:

In PDC Case #04-657, Kathryn Ciais, the Commission finds a violation of RCW 42.17.240 and assesses a penalty of \$400 with \$250 suspended based on no future violations throughout her term ending in 2006.

The motion passed unanimously.

Balisa Weber, Case #04-658

Phil Stutzman summarized the case against Balisa Weber for an alleged violation of RCW 42.17.240 by failing to timely file the Statement of Financial Affairs by April 15, 2004. He noted that Ms. Weber has had one prior stipulation, two prior brief enforcement hearings and one prior full enforcement hearing. The F1 has not been filed.

Motion 04-102

Moved by Commissioner Connelly, seconded by Commissioner Martin:

In PDC Case #04-658, Balisa Weber, the Commission finds a violation of RCW 42.17.240 and assesses a penalty of \$1,000 with \$250 suspended based on the condition that the Statement of Financial Affairs and the penalty payment are received within 30 days from the date of the order and no future violations throughout her term ending in 2007.

The motion passed unanimously.

**Request to Revoke Suspended
Portion of Penalties**

Mr. Stutzman noted that the following two cases had been brought to the Commission at the May 26, 2004 meeting, however notice was inadvertently not sent to the respondents so staff

is bringing the cases back to the Commission for consideration.

William Boyce, Case #04-348

Phil Stutzman reported that a brief enforcement hearing was held on December 15, 2003 in which William Boyce was found in violation of RCW 42.17.080 and .090 for failing to timely file the C-4 report due seven days before the 2003 general election. Mr. Boyce was assessed a penalty of \$500 with \$250 suspended on the condition that he file the 7 day pre-general election C4 report within 30 days of the date of the order. To date the report has not been filed and staff is asking that the \$250 suspended portion of the penalty be revoked, making the entire \$500 penalty due.

Teresa McQuillen, Case #04-367

Mr. Stutzman also reported that a brief enforcement hearing was held on December 15, 2003 in which Teresa McQuillen was found in violation of RCW 42.17.080 and .090 for failing to timely file the C4 report due seven days before the 2003 general election. Ms. McQuillen was assessed a penalty of \$500 with \$250 suspended on the condition that he file the 7 day pre-general election C4 report within 30 days of the date of the order. To date the report has not been filed and staff is asking that the \$250 suspended portion of the penalty be revoked, making the entire \$500 penalty due.

Motion 04-103

Moved by Commissioner Connelly, seconded by Commissioner Martin:

The Commission revokes the penalty suspension and imposes the \$250 previously suspended penalty in PDC Case #04-348, William Boyce and PDC Case #04-367, Teresa McQuillen.

The motion passed unanimously.

Request for Review

Jeannette Burrage, Case #04-237

Phil Stutzman reported that a brief enforcement hearing was held on May 26, 2004 in which Ms. Burrage was found in violation of RCW 42.17.080 and .090 by failing to timely file reports of

contributions and expenditures, by failing to report a \$457 debt on Schedule B to PDC form C-4, as required, and RCW 42.17.105 by failing to timely report the receipt of a contribution of \$1,000 from one contributor as a Last Minute Contribution received within seven days of the primary election. She was assessed a penalty of \$200 with \$100 suspended.

Ms. Burrage was present via telephone and stated she felt that her comments were misconstrued during the brief enforcement hearing. She also added that many people file reports late and do not receive a violation or penalty and requested that the Commission remove the violations.

There was no motion to review this matter.

Reporting Modifications

New

*William Williams, Director, North
Thurston School District*

Nancy Krier noted that Mr. Williams is an attorney in her office, therefore she would be unable to provide legal advice regarding this matter.

Phil Stutzman reported that Mr. Williams requests an exemption from reporting the business and governmental customers of the National School Board's Association, where he serves as a board member.

Mr. Williams was present and stated that the association tracks its revenue by program as opposed to who actually sends the money. As such, a staff member would have to sort through each category of receipt to obtain the necessary information.

Motion 04-104

Moved by Commissioner Noland, seconded by Commissioner Martin:

The Commission grants William Williams the reporting modification as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

*Joan Best, Candidate, Jefferson
Co Superior Court*

Phil Stutzman reported that Ms. Best requests an exemption from reporting the name of her adult dependent son on her F1.

Ms. Best was present via telephone and stated that her son receives social security and she feels that there is no purpose to be served by listing his name on her report.

Motion 04-105

Moved by Commissioner Connelly, seconded by Commissioner Martin:

The Commission grants Joan Best the reporting modification as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

*Diana Wilhite, Council Member,
City of Spokane Valley*

Commissioner Connelly noted that he is a former customer of Safeguard Business Forms & Systems.

Phil Stutzman reported that Ms. Wilhite requests an exemption from reporting the business customers of Wilhite & Associates, doing business as Safeguard Business Forms & Systems, which is owned by her spouse. He noted that this request is for reports covering 2002 and 2003.

Ms. Wilhite was present via telephone and stated that it would be a competitive disadvantage to supply the names of their business customers publicly.

Commissioner Noland requested that Ms. Wilhite report the type of business and city for those business customers over \$7,500.

Motion 04-106

Moved by Commissioner Martin, seconded by Commissioner Noland:

The Commission grants Diana Wilhite the reporting modification that permits her to forego identifying reportable business customers while disclosing description and city of business customers.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

*Ronald Deatherage, Former
Council Member, City of Selah*

Phil Stutzman reported that Mr. Deatherage requests an exemption from reporting the business customers for F-1 reports due from 1999 through 2004 for Pingrey Motor Co., Inc., where he serves as an officer and part owner.

Motion 04-107

Moved by Commissioner Connelly, seconded by Commissioner Martin:

The Commission grants Ronald Deatherage the requested reporting modification in accordance with PDC Interpretation 02-05, Request for Modification of the Requirements to Report Information on the Personal

**Financial Affairs Statement (F-1) for
Motor Vehicle Dealers.**

**The Commission finds that literal
application would cause a manifestly
unreasonable hardship on the
applicant and that a limited
modification would not frustrate the
purposes of the act.**

The motion passed unanimously.

Renewal (with changes)
*Darlene Hartley, Director, Stanwood-
Camano Island School District*

Phil Stutzman noted that Ms. Hartley has
withdrawn her request for a reporting modification.

*Gerald Grinstein, Regent, Univ. of
Washington*

Phil Stutzman reported that Mr. Grinstein requests
a renewal of previously granted modification and
an exemption from reporting the business
customers of Public Radio Capital, of which his
spouse has been a director since 2001. He
requests this exemption for F-1 reports due in
2002, 2003 and 2004.

Motion 04-108

Moved by Commissioner Connelly, seconded by
Commissioner Martin:

**The Commission grants Gerald
Grinstein the reporting modification
as requested.**

**The Commission finds that literal
application would cause a manifestly
unreasonable hardship on the
applicant and that a limited
modification would not frustrate the
purposes of the act.**

The motion passed unanimously.

*Monte Dahlstrom, Commissioner,
Grays Harbor Co Water Dist. #2*

Phil Stutzman reported that Mr. Dahlstrom
requests a renewal of previously granted
modification for business customers only.

Motion 04-109

Moved by Commissioner Connelly, seconded by Commissioner Wood:

The Commission grants Monte Dahlstrom the reporting modification as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals (no change)

The Commission considered this subset of reporting modification requests en masse.

Motion 04-110

Moved by Commissioner Connelly, seconded by Commissioner Martin:

The Commission grants reporting modifications as requested to Sarah Jewell, Frank Radford, Phillip Sharpe and Elizabeth Verhey.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Election of Officers

Motion 04-111

Moved by Commissioner Martin, seconded by Commissioner Noland:

The Commission elects Michael Connelly as Chair of the Public Disclosure Commission effective July 1, 2004.

The motion passed unanimously.

Motion 04-112

Moved by Commissioner Martin, seconded by Commissioner Noland:

The Commission elects Jeannette Wood as Vice Chair of the Public Disclosure Commission effective July 1, 2004.

The motion passed unanimously.

Motion 04-113

Moved by Commissioner Noland, seconded by Commissioner Wood:

The Commission elects Francis Martin as Secretary of the Public Disclosure Commission effective July 1, 2004.

The motion passed unanimously.

Administrative Policy

Vicki Rippie reported on a revision of an administrative policy relating to Employing Special Legal Counsel.

Motion 04-114

Moved by Commissioner Connelly, seconded by Commissioner Martin:

The Commission adopts the revised administrative policy for retaining special legal counsel as presented.

The motion passed unanimously.

Staff Reports

Executive Director

Vicki Rippie reported that she has authorized expenditures for hardware and software to upgrade the PDC's infrastructure. She also noted that management evaluations have been completed.

Assistant Director

Susan Harris reported that the statutorily mandated Performance Report had been

completed and submitted to the Governor. She also stated that the Attorney General's Office is filing suits in court to collect outstanding penalties of \$400 or more.

Chief Technology Officer

Michael Smith reported that two new servers were installed before the June 10th filing deadline and that the servers were able to handle the volume of electronic filings.

Executive Session

The Commission went into executive session at approximately 2:15 p.m. to conduct employee performance reviews.

Public Session

The Commission returned to public session at 2:42 p.m.

Motion 04-115

Moved by Commissioner Connelly, seconded by Commissioner Wood:

The Commission approves a 3% pay increase, retroactive to January 1, 2004, for:

- Vicki Rippie, Executive Director
- Susan Harris, Assistant Director
- Michael Smith, Chief Technology Officer
- Karen Copeland, Director of Records and Administration
- Doug Ellis, Director of Public Outreach
- Phil Stutzman, Director of Compliance & Enforcement.

The Commission approves a 5% pay increase, retroactive to January 1, 2004, for Ruthann Bryant, Confidential Secretary.

The motion passed unanimously.

Adjournment

Commissioner Tilly adjourned the meeting at 2:45 p.m. The next meeting is scheduled for Friday, July 23, 2004.

Approved by the Commission 7/23/04